

Message Text

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61

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-15 AID-20 EB-11 COME-00 TRSE-00

SIL-01 LAB-06 FRB-02 OMB-01 AGR-20 OPR-02 DRC-01 /190 W

----- 090522

R 272130Z SEP 73

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 3015

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L KINGSTON 3345

E.O. 11652: GDS

TAGS: PINS, JM

SUBJECT: THE RISING COST OF LIVING-POSSIBLE REPERCUSSIONS

REF: KINGSTON 2783

1. SUMMARY. SINCE LATE SPRING, FOOD PRICES HAVE RISEN SHARPLY. POPULAR REACTION HAS THUS FAR, BEEN CONFINED TO FAIRLY LOW-KEY GRUMBLING. THERE IS SOME POSSIBILITY, HOWEVER, THAT THE REACTION COULD TURN UGLY AND TAKE THE FORM OF LOCALIZED SPORADIC VIOLENCE DIRECTED AGAINST MERCHANTS IN THE DOWNTOWN AND LOW-INCOME AREAS OF KINGSTON AND MONTEGO BAY. END SUMMARY

2. SINCE THE REMOVAL OF GOVERNMENT SUBSIDIES REPORTED REFTTEL, THERE HAS BEEN AN ACCELERATION OF THE COST OF LIVING SPIRAL WHICH BEGAN IN LATE SPRING. A FEW REPRESENTATIVE AND NECESSARILY APPROXIMATE EXAMPLES OF SUCH INCREASES OF CONTROLLED STAPLES FOLLOW.

COUNTER FLOUR- 50 PERCENT; PORT 55 PERCENT; CHICKEN 38 PERCENT;
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SALTED COD FISH - 130 PERCENT; CORN MEAL - 117 PERCENT;

COOKING OIL - 48 PERCENT; BREAD- 20 PERCENT.

THE FOLLOWING ARE EXAMPLES OF INCREASES FOR UNCONTROLLED ITEMS: YAMS - 66 PERCENT; GREEN BANANAS - 100 PERCENT; ACKEES 60 PERCENT; EGGS - 43 PERCENT; BREADFRUIT - 250 PERCENT.

3. THERE HAS BEEN MUCH GRUMBLING ABOUT THE PRECIPITOUS RISE IN FOOD PRICES. THE OPPOSITION HAS ATTEMPTED TO LAY THE BLAME ON THE PRESENT GOVERNMENT AND DEMANDED A REINSTATEMENT OF SUBSIDIES. THE FARMERS ARE CALLING FOR HIGHER PRICES. THE PUBLIC IS, OF COURSE, UNABLE TO DO ANYTHING. THE GOVERNMENT, HASTILY DISCLAIMS RESPONSIBILITY, PASSES THE BLAME TO THE US AND OTHER MAJOR SUPPLIERS, AND ARGUES THAT THE POLICIES OF THE PREVIOUS GOVERNMENT HAVE BROUGHT ABOUT THE PRESENT SITUATION. THE TRUTH IS THAT JAMAICA IS CAUGHT IN THE SAME SITUATION AS MOST OTHER COUNTRIES AND THAT THE GOVERNMENT HAS BEEN REMISS FOR HOLDING THE LINE ON PRICES FOR SO LONG, THUS COMPOUNDING THE PRICE INCREASES WHEN THEY FINALLY TOOK PLACE.

4. WHILE RAPID INCREASES IN THE COST OF LIVING ARE COMMON PLACE THROUGHTOUT THE WORLD, THE INCREASE HAS BEEN ESPECIALLY STEEP IN JAMAICA DURING THE PAST SEVERAL MONTHS. JAMAICA IS ALSO PLAGUED BY RECURRING SHORTAGES OF COOKING OIL, IMPORTED RICE, FLOUR, AND (BELIEVE IT OR NOT) SUGAR. THIS TIME, HOWEVER, NOT ONLY HAVE THE PRICES OF IMPORTED COMMODITIES AND STAPLES RISEN STEEPLY BUT THE PRICES OF LOCALLY PRODUCED STAPLES- BREADFRUIT, GREEN BANANAS, ACKEES, YAMS, AND COOKING OIL- ARE ALSO GOING OUT OF SIGHT AND THESE ITEMS FORM THE LION'S SHARE OF THE DIET OF JAMAICA'S URBAN UNEMPLOYED AND POOR.

5. WHILE THE RISING COU OF LIVING HAS NOT BEEN DIRECTLY LINKED BY THE GOVERNMENT OR PRESS TO THE RECENT SPURT IN THE CRIME RATE, THERE IS LITTLE DOUBT THAT IT PLAYS A ROLE - THE SUPPLY OF FREE MANGOES AND BREADFRUIT IS NOT LIMITLESS. IT HAS CLEARLY PLAYED A ROLE IN THE PRESENT ROUND OF WAGE SETTLEMENTS. THERE ARE NO PRESENT CLEAR INDICATIONS THAT PUBLIC REACTION TO THE RISING COST OF LIVING WILL MANIFEST ITSELF IN MORE UNPLEASANT WAYS. GIVEN
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THE LIVING CONDITIONS IN THE EXTENSIVE SLUMS OF WESTERN KINGSTON AND THE LARGE NUMBERS OF UNEMPLOYED IN THE AREA, HOWEVER, THERE IS A FAIR POSSIBILITY THAT SUCH REACTION COULD BECOME UGLY IN THE FORM OF AN OUTBREAK OF LOCALIZED AND SPORADIC VIOLENCE DIRECTED AGAINST RETAIL MERCHANTS IN THE DOWNTOWN LOW-INCOME AREAS OF KINGSTON AND MONTEGO BAY. WITH THE EXAMPLE SET OF THE UNIONIZED WORKER OBTAINING UP TO 50 PERCENT WAGE INCREASES IN SEVERAL IMPORTANT INDUSTRIES, THE URBAN POOR MAY FEEL THAT

THEY HAVE NO OTHER RECOURSE.

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